

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	
International Settlements Policy Reform)	IB Docket No. 02-324
International Settlement Rates)	IB Docket No. 96-261
)	

REPLY COMMENTS OF MCI, INC.

MCI, Inc. ("MCI") hereby submits these Reply Comments in response to the Public Notice issued in the above-captioned proceeding seeking comment on the removal of the International Settlements Policy ("ISP") from certain international routes that are compliant with the Commission's settlement rate benchmark policy.¹ As set forth herein, MCI urges the Commission to remove the ISP from the U.S.-Philippines route, and to reject the arguments made in the Comments by International Access, Inc. ("International Access") in this proceeding. While the due date for Reply Comments was July 13, 2004, MCI respectfully requests that the Commission accept these late-filed Reply Comments for consideration in the record in this proceeding.

The Commission received several Comments and Reply Comments in response to the Public Notice regarding the U.S.-Philippines route. The Philippine Long Distance Telephone Company ("PLDT"), Bayan Telecommunications Inc. ("BayanTel"), AT&T Corp. ("AT&T"), and the Sprint Corporation ("Sprint") support removal of the ISP from the U.S.-Philippines route. Only International Access filed comments opposing the removal of the ISP from the route.

¹ Public Notice, DA 04-1585 (rel. May 28, 2004).

MCI supports the filings of PLDT, BayanTel, AT&T and Sprint requesting that the Commission remove the ISP from the U.S.-Philippines route. Indeed, MCI has previously requested that the Commission remove the ISP from the route, and reiterates that request here.²

International Access claims that the ISP cannot be removed from the ISP pursuant to the Commission's International Settlements Policy Reform Order because the Commission cannot demonstrate that rates in effect on the route are at or below the Benchmark rate of \$0.19, and that in any event removal of the ISP from the U.S.-Philippines route would not be in the public interest. MCI disagrees with both arguments. First, it is not necessary for U.S. carriers to make public their interim arrangements with Philippine carriers in order to demonstrate that rates in effect are below the benchmark rate. In fact, settlement rates with Philippines carriers have been below \$0.19 for many months. MCI can certify that the rates contained in its interim arrangements with all Philippines carriers, both for fixed and for mobile termination, are well below \$0.19. As a result, the Commission can be confident that settlement rates in effect between U.S. carriers and Philippine carriers are below the Benchmark, and therefore that the route meets the threshold for removal of the ISP.

Moreover, removal of the ISP from the route would better promote the public interest than maintaining the ISP on the route. Indeed, MCI is concerned that settlement rates would very likely *increase* should the ISP remain on the route indefinitely, which would force U.S. consumers to pay higher rates for calling the Philippines. U.S. carriers including MCI have been operating normally with their Philippine correspondents since

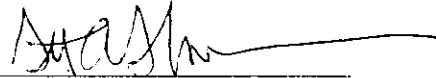
² See *Ex parte* Letter from Ruth Milkman, Lawler, Metzger & Milkman on behalf of MCI to Marlene Dortch, Secretary, Federal Communications Commission, May 6, 2004, in IB Docket No. 03-38.

interim arrangements were reached, to the benefit of U.S. carriers and consumers.

Maintaining the ISP on the route would disrupt smooth operations between the carriers in both countries, to the detriment of the public interest.

In sum, for the reasons stated herein, MCI respectfully requests that the Commission remove the ISP from the U.S.-Philippines route as soon as possible. MCI also respectfully requests that the Commission accept these late-filed Reply Comments for consideration in this proceeding.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Scott A. Shefferman', written over a horizontal line.

Scott A. Shefferman

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Its Attorney

July 15, 2004